



Director of
Central
Intelligence

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National Intelligence Daily

Saturday

7 May 1988

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POLAND:

Victory Over Strikers May Prove Hollow

The regime in Warsaw may have won its gamble that the shipyard strike led by Solidarity would end without further use of force, but its new ban on protests will create an increasingly repressive atmosphere and negate whatever good will the regime has built up by its tolerance of street demonstrations over the past year.

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[REDACTED] the Gdansk shipyard strike is breaking up. Strikers apparently are being allowed to slip away from the plant through the police cordon. News of the Nowa Huta raid already had whittled the number of strikers at Gdansk to perhaps as few as 700, and the riot police had successfully cut the strikers' access to food and supplies. [REDACTED]

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At the Nowa Huta steel complex near Krakow, strike organizers who escaped the raid there on Thursday called for that strike to continue; more than a third of the work force reportedly stayed home yesterday, but the plant slowly restored most operations. [REDACTED]

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The government yesterday announced plans to assume special powers to ban strikes and other forms of protest until the end of this year, prompting even the official trade unions to blast the regime for infringing on their rights and for disregarding "warning signals" leading up to the current unrest. Meanwhile, the church criticized the regime's decision to use force to break up the strike at Nowa Huta before giving church-backed mediation efforts a chance to succeed.

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b (3) [REDACTED] The regime will find its relations with the church severely damaged as a result of its harsh tactics in dealing with the strikes. The church feels it has been made a laughingstock by the government's raid on Nowa Huta after the arrival of church mediators. [REDACTED]

b (3) [REDACTED] It is unlikely to give further credence to the regime's avowed strategy of making good church-state relations the cornerstone of efforts to broaden its political base. [REDACTED]

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The failure of Polish workers to rally behind the besieged strikers damages the prestige of both Solidarity and Lech Walesa, who had become the symbolic leader of a confrontation he originally refused to lead. Solidarity may now be seen as having latched onto a cause that started without it and as having failed to deliver promised sympathy strikes in several cities in support of the Gdansk and Nowa Huta workers. Solidarity, moreover, is likely to be blamed for injecting political demands when workers mainly were seeking pay hikes.

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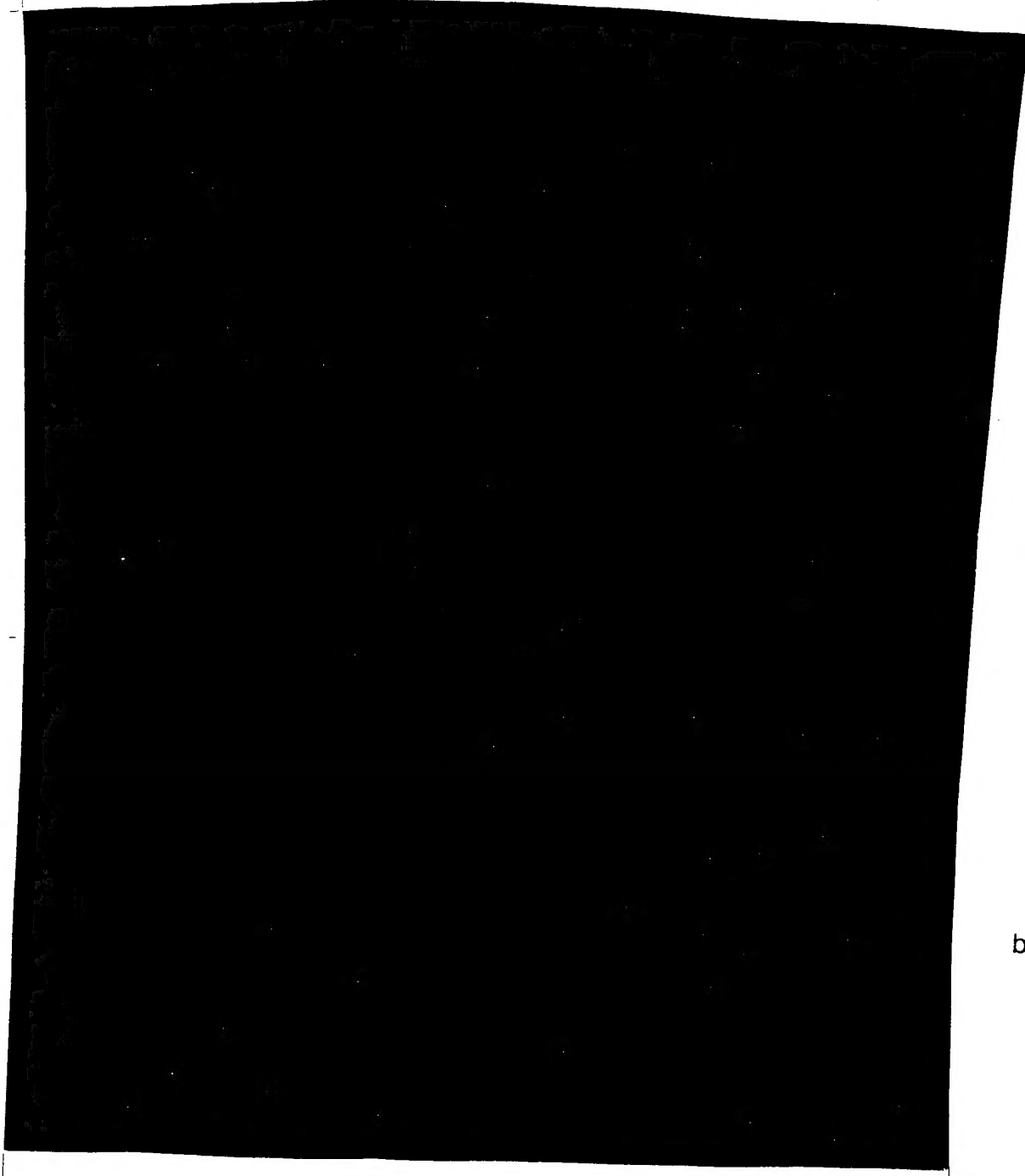
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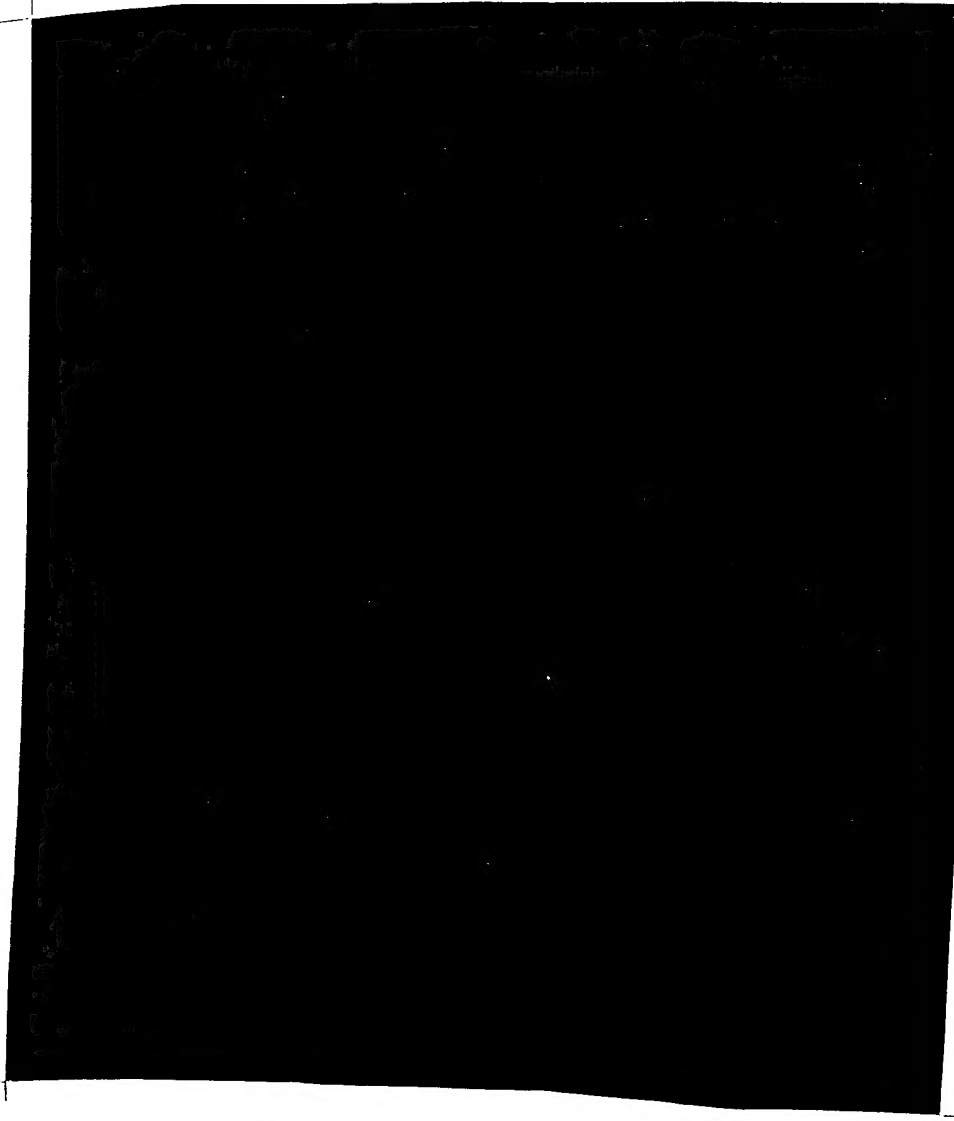
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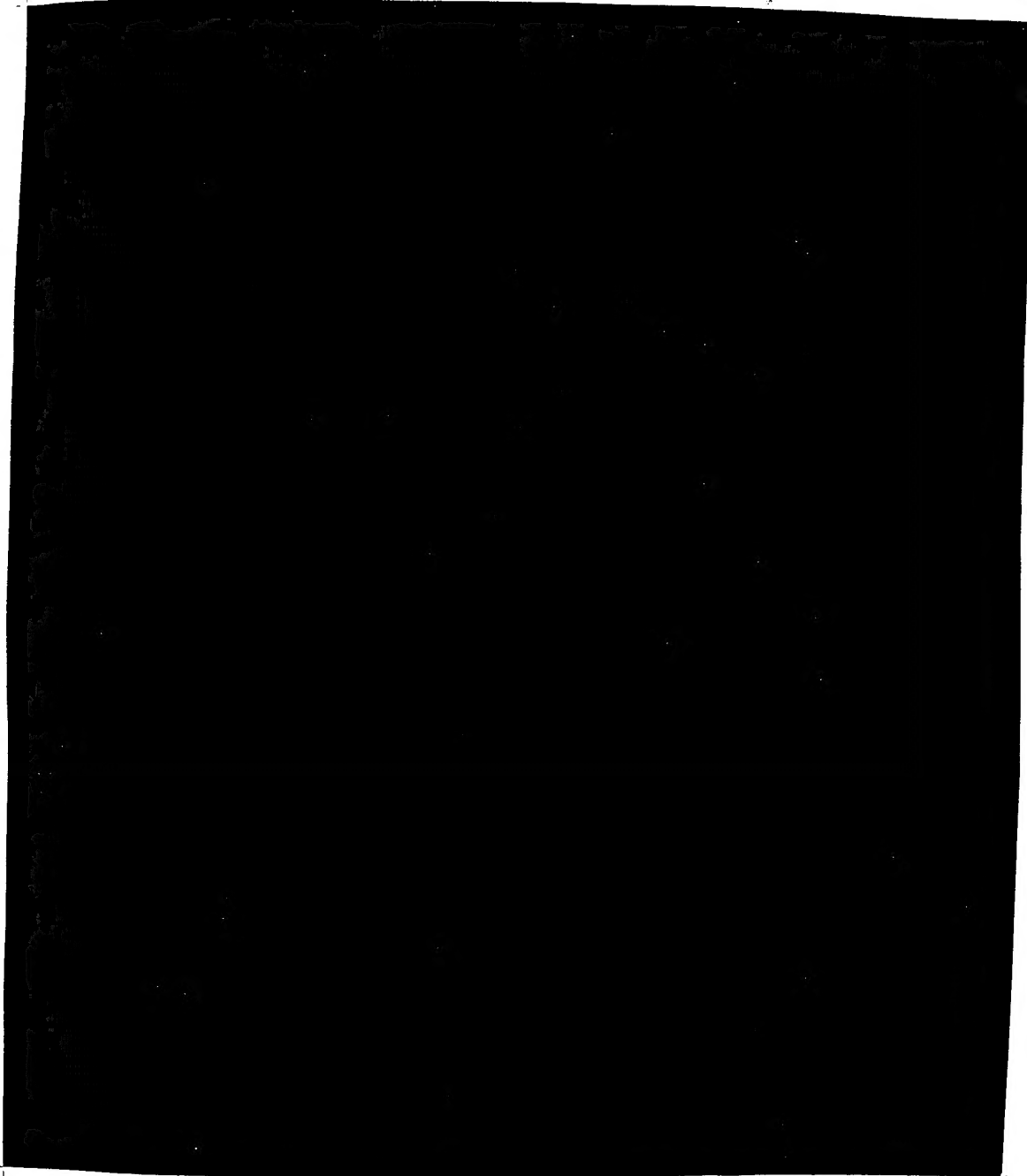
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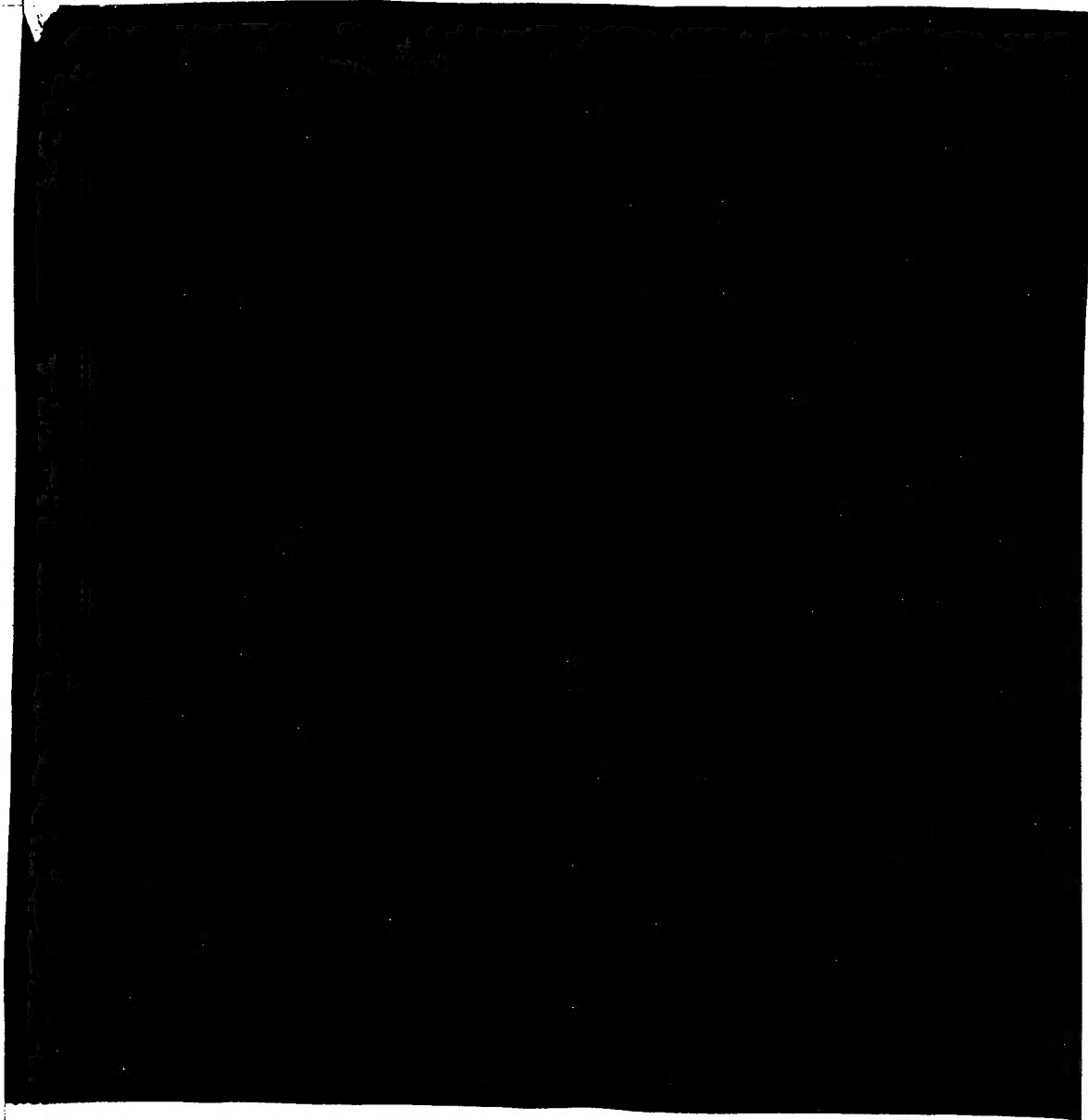
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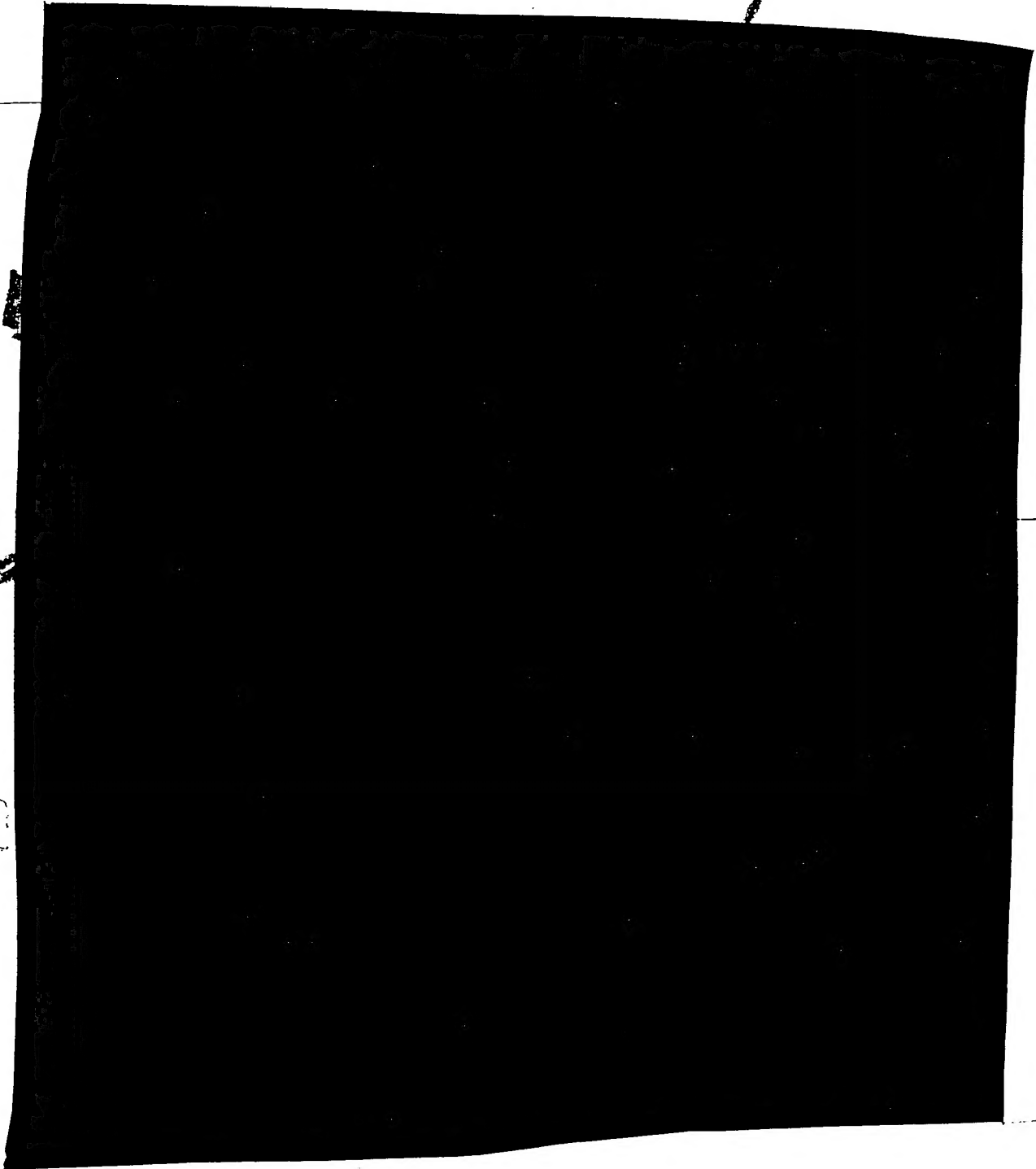
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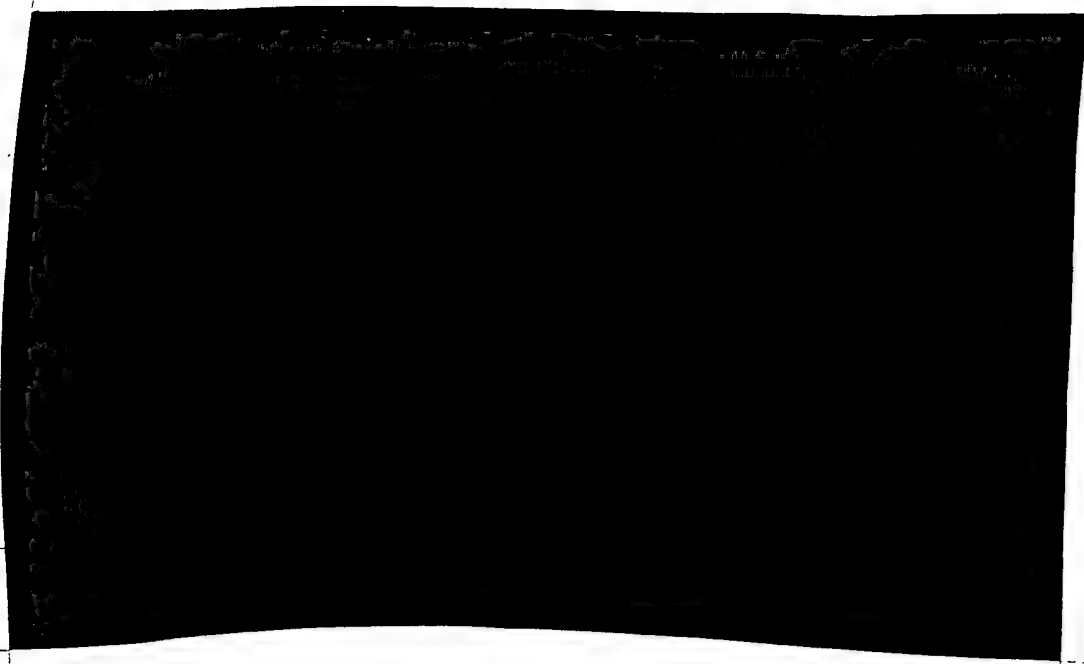


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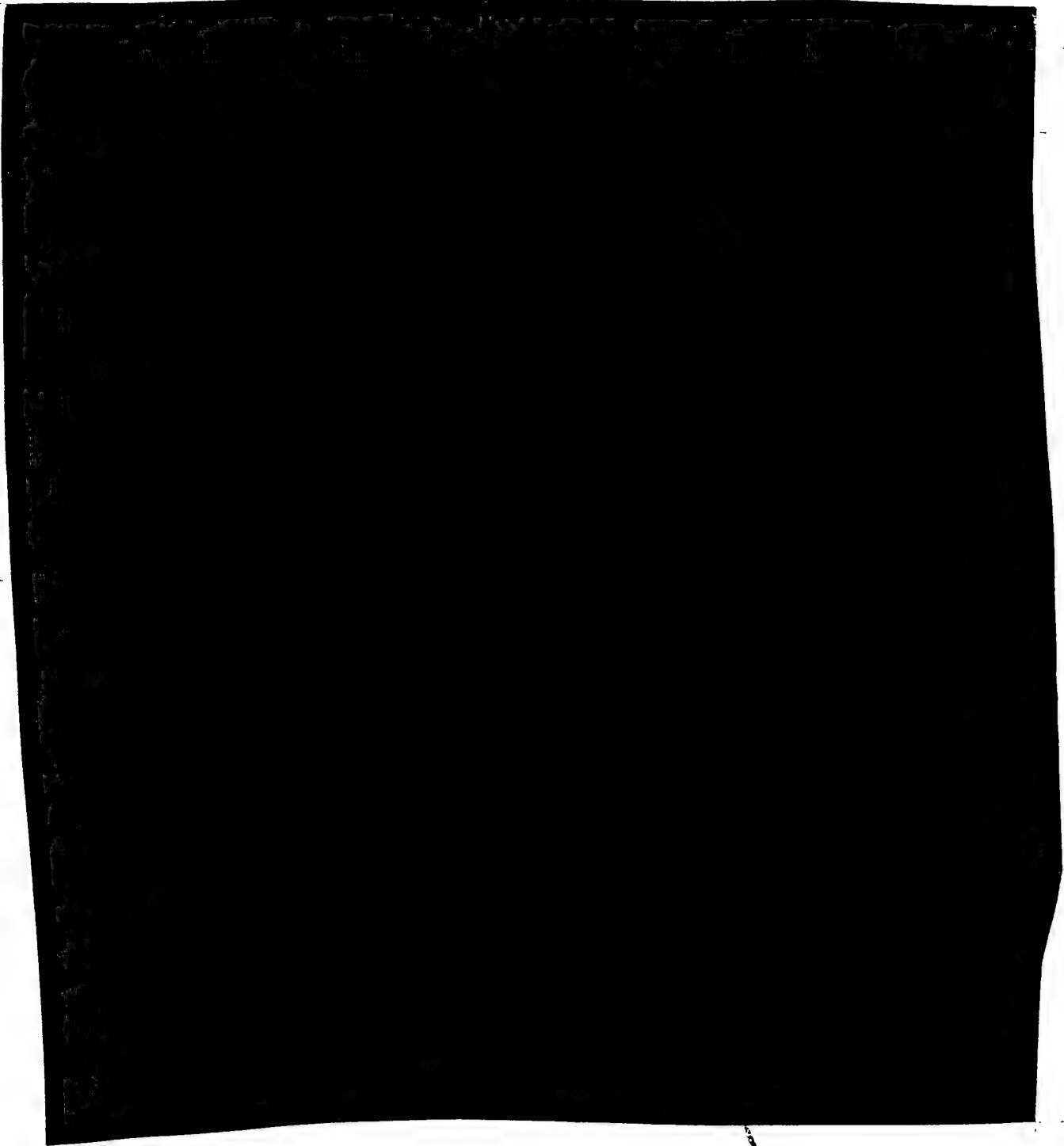
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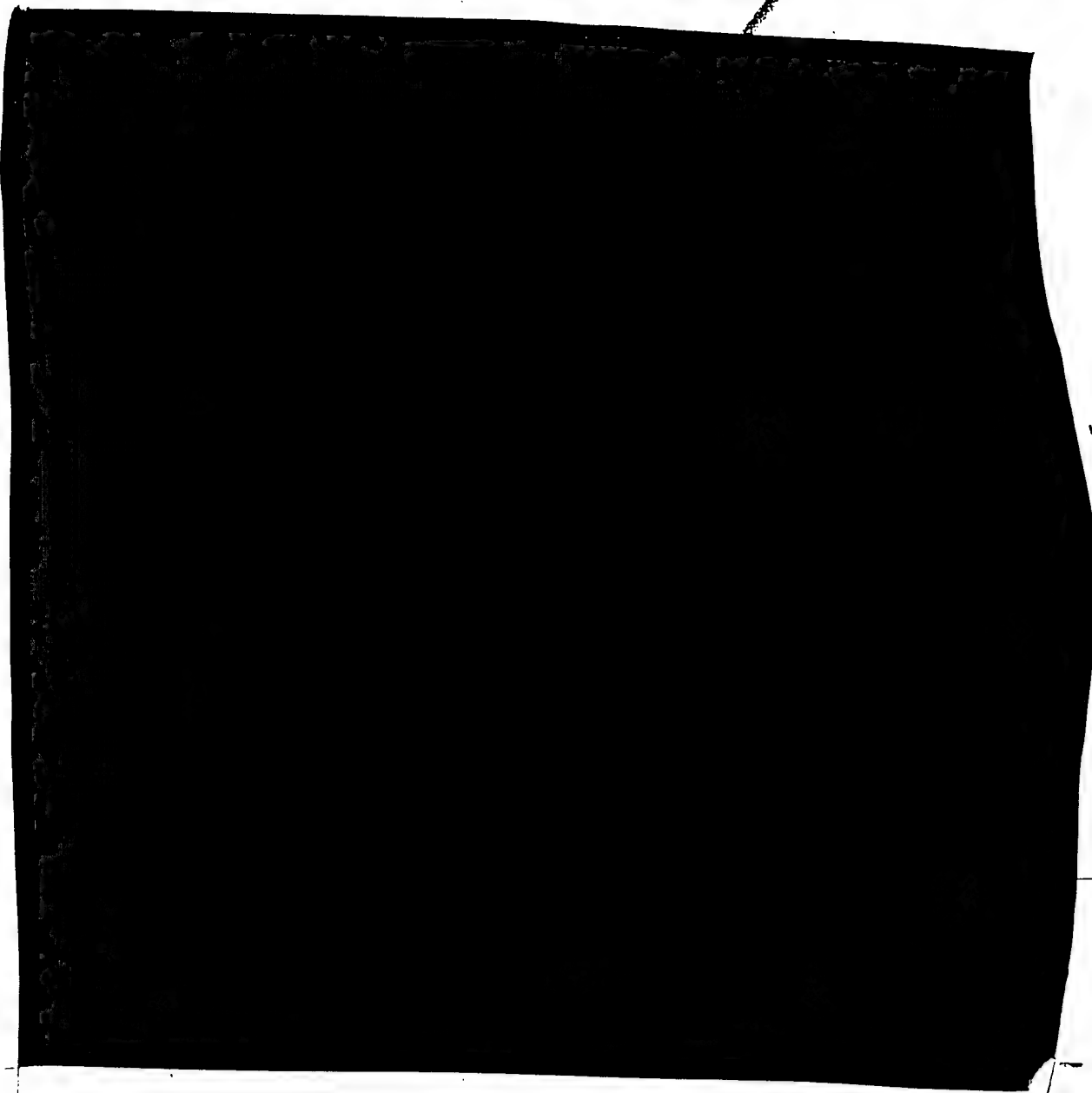
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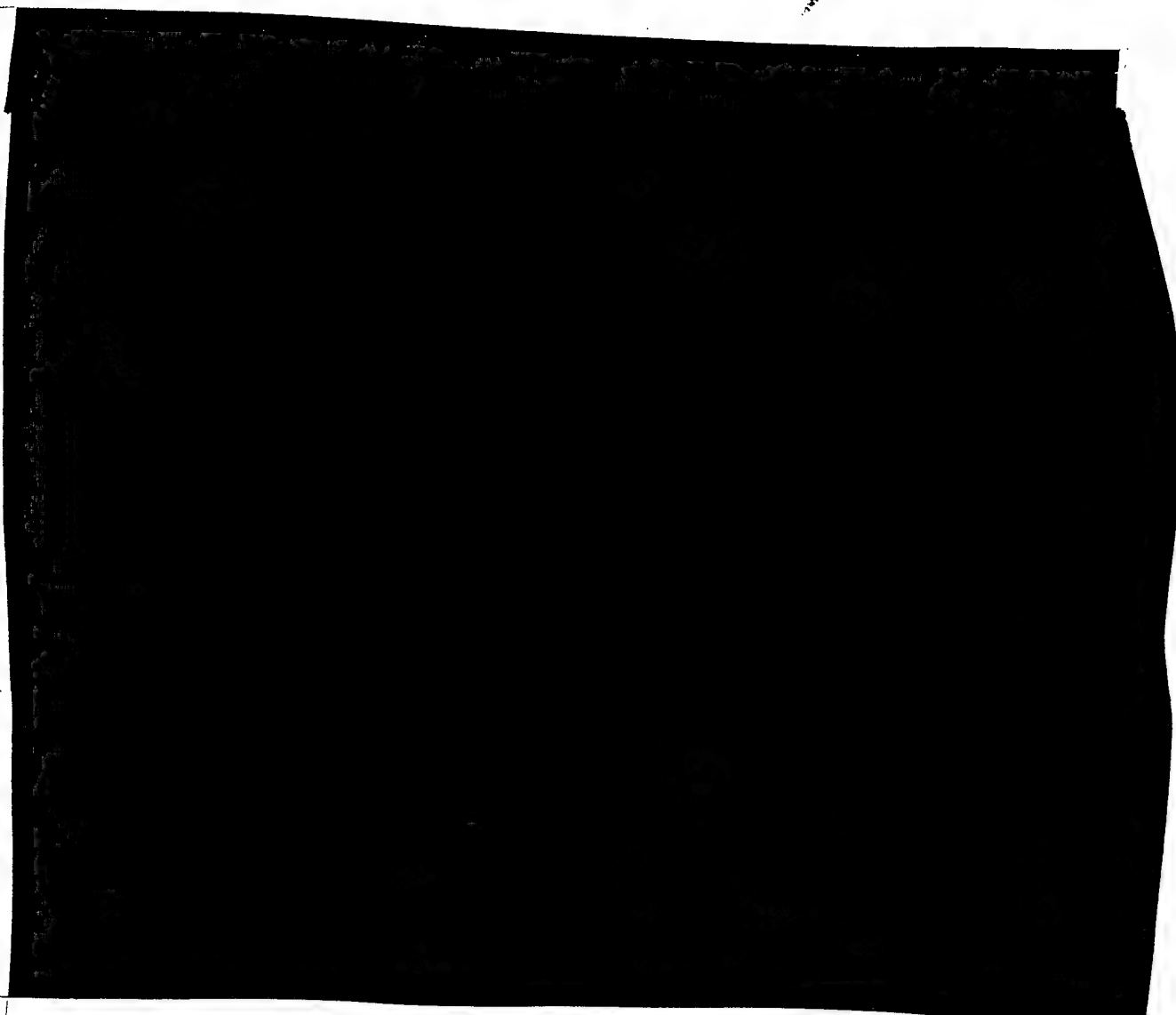
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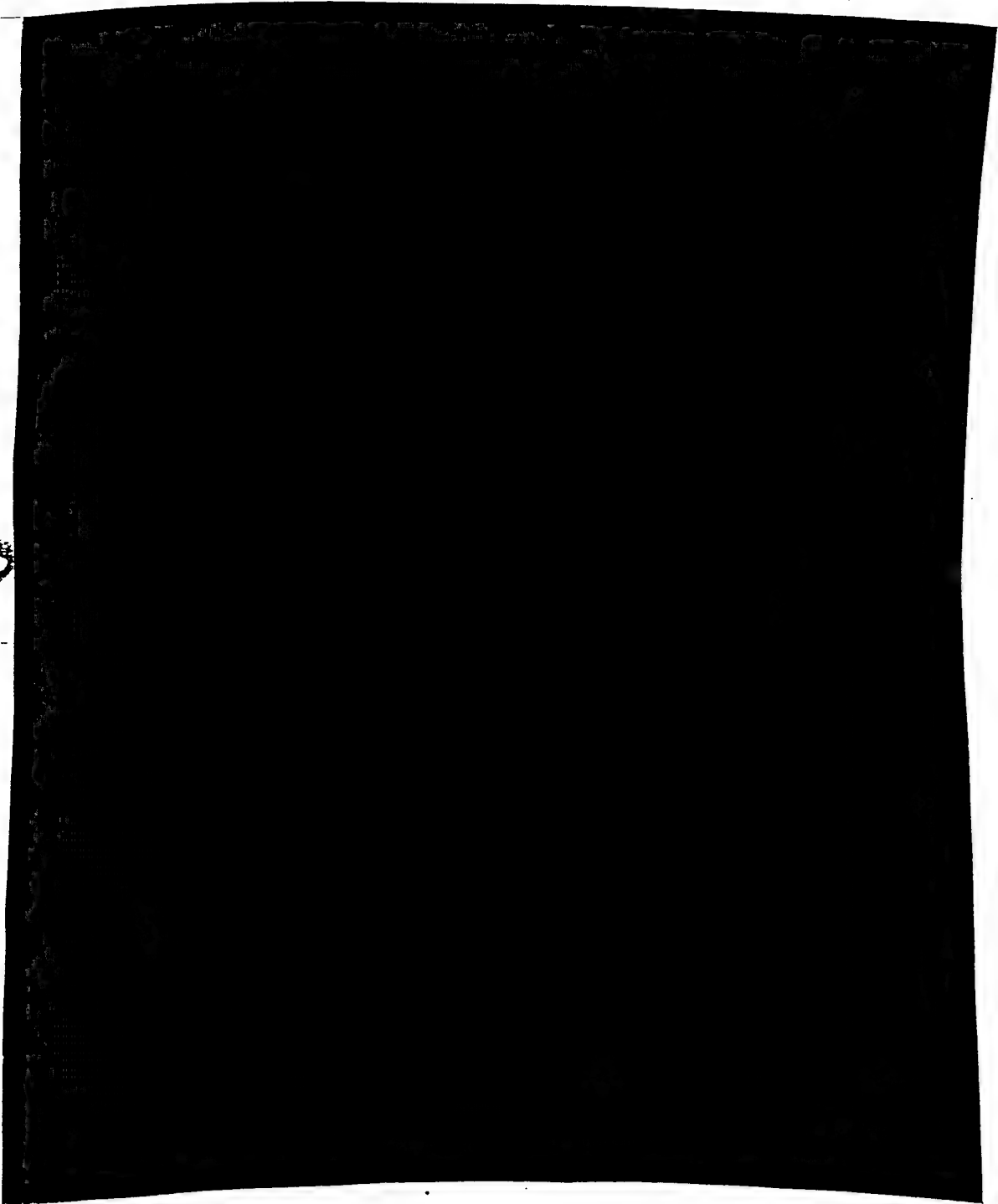
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LEBANON: Amal Sparring With Hizballah in Beirut

Heavy fighting has erupted between Shia groups in several parts of Beirut's southern suburbs—Hayy Madi, Bir al Abid, and Harat Hurayk.

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[REDACTED]
Initial reports indicate Hizballah has made a strong showing, seizing several Amal offices.

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[REDACTED]
but press reports say the Iranian Embassy in Beirut is trying to broker a cease-fire.

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Comment: Amal appears encouraged by its recent victories over Hizballah in southern Lebanon and may be eager to continue the fight in the southern suburbs of the capital despite reports of a strong Hizballah performance. There is no indication as yet that the clashes are the start of a sustained campaign by either side, but the violence may intensify. Backing [REDACTED] would provide Amal the significant firepower and communications support it currently lacks. Damascus, however, is unlikely to be drawn into the fighting or to give substantial support to its ally Amal.

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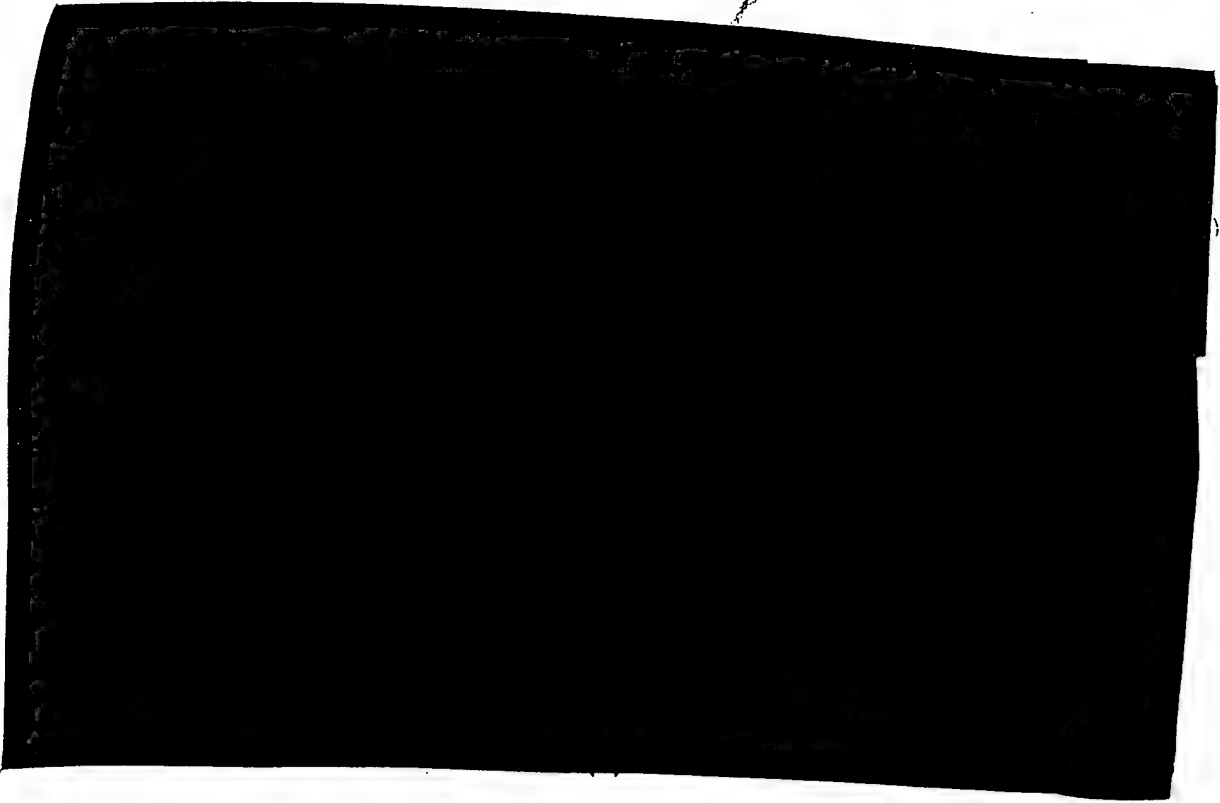
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EC: Liberalizing Capital Flows

EC finance ministers next week probably will clear most of the obstacles to liberalizing capital flows within the Community. Members will probably agree before [REDACTED]

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[REDACTED] June on a schedule for implementing specific measures. Italy and some of the members with less-developed financial markets are seeking the ability to reimpose controls on short-term capital movements in the event of a substantial outflow, although [REDACTED] has dropped its insistence on such an explicit safeguard provision.

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[REDACTED] Differences over safeguards probably will not delay agreement past the EC summit next month. [REDACTED] others almost certainly will demand strict conditions but, for the sake of unanimity, will allow some countries to delay compliance. This part of the EC financial integration program is unlikely to create protectionist barriers against US firms because of [REDACTED] commitments to nondiscrimination [REDACTED]

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In Brief

Middle East

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[REDACTED]

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— Tensions high between **Lebanese** Army, Christian Lebanese Forces militia ... Army commander's presidential aspirations, militia's distrust of Army, expansion of checkpoints exacerbating dispute ... President Gemayel trying to defuse situation. [REDACTED]

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[REDACTED]

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— **North Yemen** President Salih yesterday [REDACTED] b1
[REDACTED] ... probably-discussed recent **North Yemen-South Yemen** border agreement ... Salih likely to have protested perceived [REDACTED] support [REDACTED] during border tensions [REDACTED]

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Americas

— **Nicaraguan** union activists ended 10-day hunger strike Thursday after Managua agreed to discuss labor demands, [REDACTED]
[REDACTED] ... detained opposition leaders released, media restrictions relaxed ... regime trying to appear flexible to ease labor strife [REDACTED]

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East Asia

— **South Korean** President Roh Tae Woo today replaced his Home Minister and intelligence chief ... both were holdovers from Chun administration ... removal had been expected since National Assembly election late last month [REDACTED]

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— **China** to subsidize rising urban food prices ... will lift some rationing, price controls ... quick implementation, modest scale of subsidies suggest additional measures possible if inflation further threatens living standards. [REDACTED]

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Europe

— **Bulgarian-Turkish** working groups will hold first meetings Monday ... to discuss Bulgarian treatment of ethnic Turks, economic and political issues ... trade protocol, family reunifications may result ... oppression of Turkish minority sure to continue. [REDACTED] b (3)

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[REDACTED]

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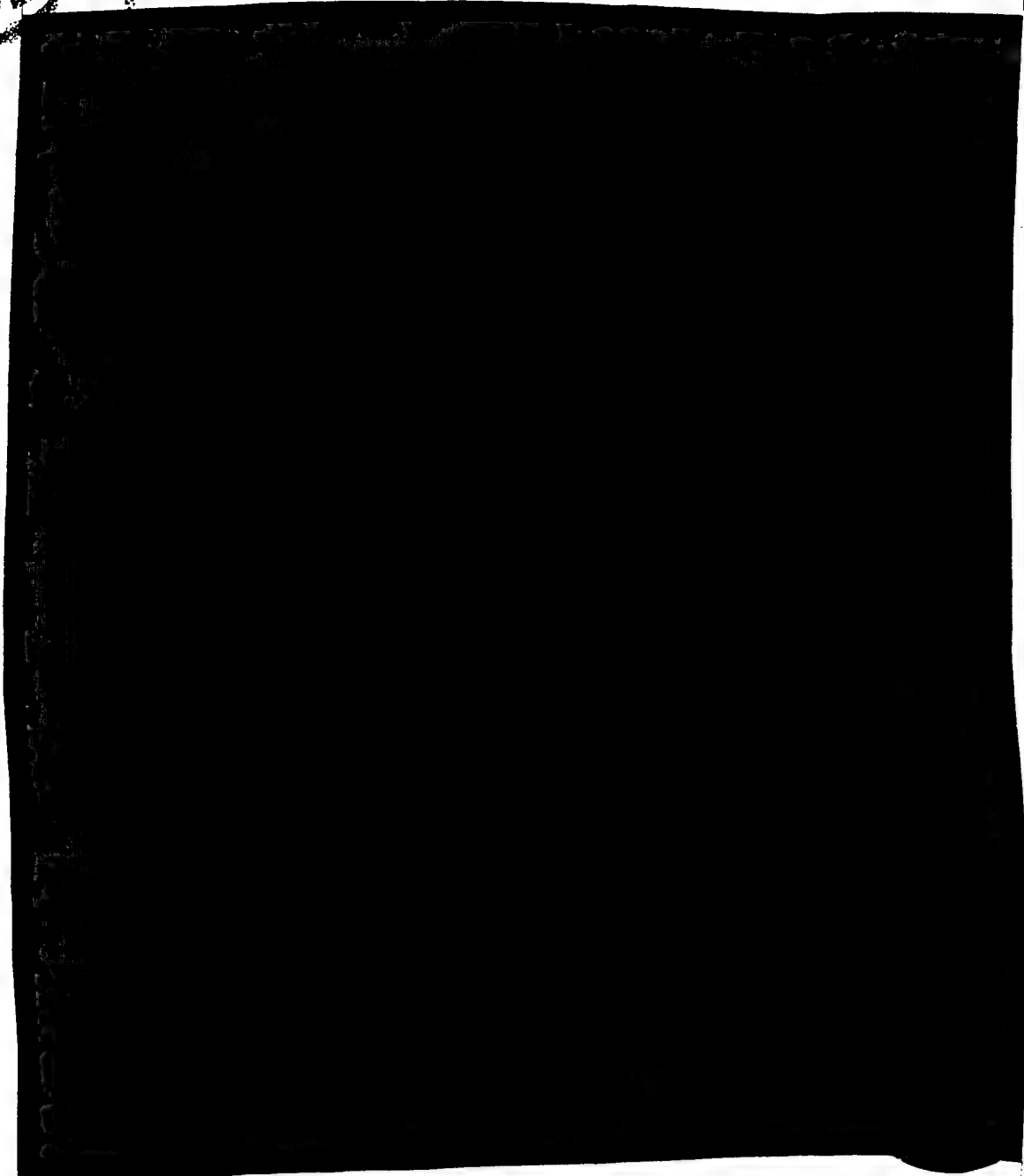
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Special Analysis

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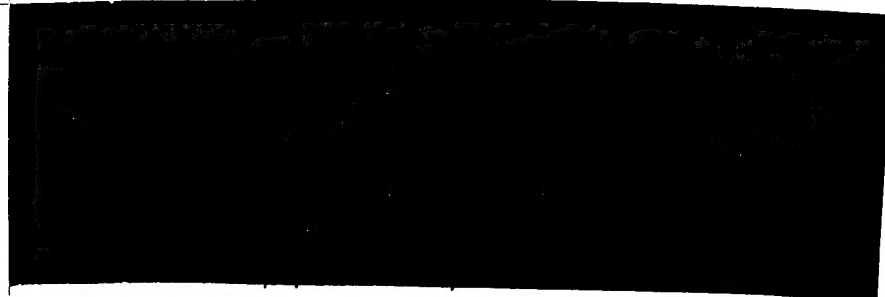
Election on Track Despite Military's Concern

Ecuadorians go to the polls tomorrow to choose between social democrat Rodrigo Borja and populist firebrand Abdala Bucaram in a presidential election that threatens to bring the military back into running the government for the first time since 1979. The military would probably accept a victory by Borja, who is slightly ahead in the polls, but coup plotting almost certainly would intensify if Bucaram, whom the armed forces detests, wins.

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Bucaram's surprising second-place finish in the first round in January alarmed most military leaders, who regard him as unpredictable, irrational, and a threat to their institutional interests. Bucaram added to their concerns during the three-month runoff campaign period by promising amnesty to imprisoned Air Force mutineers, publicly satirizing key military officials, and repeatedly pledging to clean up the armed services. ~~██████████~~ B3

B1, b3



~~██████████~~ Borja will probably defeat his opponent in a close race but notes that Ecuadorian polls tend to underrepresent voters from the lower classes, most of whom are likely to favor Bucaram. ~~██████████~~ there will be violence if he loses by a small margin. A strong lower class turnout, however, could swing the election to Bucaram, which might compel military factions to coalesce behind a coup leader. ~~██████████~~

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A win by Borja, on the other hand, would probably result in a smooth transition of power when President Febres Cordero's term ends in August. Military leaders, although suspicious of Borja's leftist views, clearly see him as the lesser of two evils and reportedly are resigned to work with him if he is elected. Borja, for his part, has taken care to persuade military leaders that he will safeguard their interests. ~~██████████~~

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Special Analysis

NICARAGUA:

Preserving Ruling-Party Support

The regime's pursuit of a cease-fire agreement and its recent reforms designed to stem Nicaragua's spiraling inflation have raised concern among party loyalists that their interests are being neglected. The Sandinistas have so far deflected most negative criticism and are taking steps to strengthen the ruling party's authority, but serious challenges lie ahead. Inducing the rebels to abandon the war would give the Sandinistas breathing room to repair much of the damage to the party.

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The Sandinistas have consistently tried to protect their supporters from the effects of Nicaragua's steep economic slide.

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members of the Sandinista party and its affiliated mass organizations have long enjoyed privileges that at least partially isolate them from the shortages other Nicaraguans are experiencing. Party faithful also have had preferential access to jobs, schooling, and other services.

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Recent efforts to control inflation, however, have hit Sandinista political supporters' pocketbooks. government spending cuts eliminated the jobs of thousands of state workers, many of them members of Sandinista mass organizations. More layoffs are planned. Pending reductions in agricultural credits will deny loyalists in rural areas financing for seed and fertilizer. A downward revision of wage scales in February has also increased frustration among key pro-Sandinista labor unions. Several Sandinista-controlled locals in Managua briefly went on strike, and the large teachers union is protesting recent layoffs.

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Cease-fire negotiations with the rebels are adding to the uncertainties within the rank and file. after years of promises that the Sandinistas would never talk with the rebels, party loyalists are worried that the revolution will be betrayed. President Ortega has publicly admitted that many party members oppose amnesty for former national guardsmen who served Somoza.

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Minimizing Grievances

Other than labor strikes, there have been few public expressions of discontent among the party faithful. To help forestall problems, the Sandinistas have guaranteed furloughed state workers employment on cotton and coffee cooperatives through a "back to the land" drive. Workers forced out of the cities—several hundred at most thus far—have not organized or caused problems for the Sandinistas. By agreeing to discuss worker grievances, the regime has tried to undercut efforts by independent unions to capitalize on labor unrest.

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Managua is portraying direct talks with the rebels as a logical response in dealing with a defeated force. Sandinista-controlled media continue to drive home that point, painting rebel military chief Bermudez as the major obstacle to peace and highlighting the willingness of some rebel field commanders to negotiate directly with the government. The regime has stressed that social changes wrought by the revolution, including land reform, are irreversible.

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Bolstering Party Authority

The Sandinistas are taking steps to restore both ideological zeal and confidence in the party. [REDACTED], the increased use of regime-controlled mobs—drawn largely from party loyalists—demonstrates to the rank and file that there are limits to the regime's tolerance of dissident activity. [REDACTED]

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Simultaneously, the Sandinistas are trying to revitalize key mass organizations. Managua recently tapped Omar Cabezas, a popular revolutionary figure with close ties to Interior Minister Tomas Borge, to head the large network of Sandinista Defense Committees. The replacement of the mayor of Managua and the chief of the party's agitation and propaganda department appears aimed at ensuring that the party loses no ground to the opposition under the terms of the Esquipulas accord. [REDACTED]

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Prospects

The Sandinistas probably will continue to walk a fine line between dealing with growing party concerns and doing what is necessary to revive the economy and to induce the rebels to abandon their military struggle. Managua's tough economic reforms suggest the Sandinistas are prepared temporarily to accept a shrinking constituency to restore the economy. To entice the rebels to disarm and join the national dialogue, the Sandinistas may also follow through on earlier hints that they would consider military reforms and local elections this year. An end to the fighting might provide breathing room for the regime by allowing the Sandinistas to divert resources from the military. [REDACTED]

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Nevertheless, the Sandinistas will closely monitor party attitudes and may reestablish some perquisites for party members—even at the cost of significantly higher inflation—if reductions in the regime's popular base threaten serious damage to their political control. The regime also would not be likely to pursue the back-to-the-land program aggressively if popular dissatisfaction with it grew. [REDACTED]

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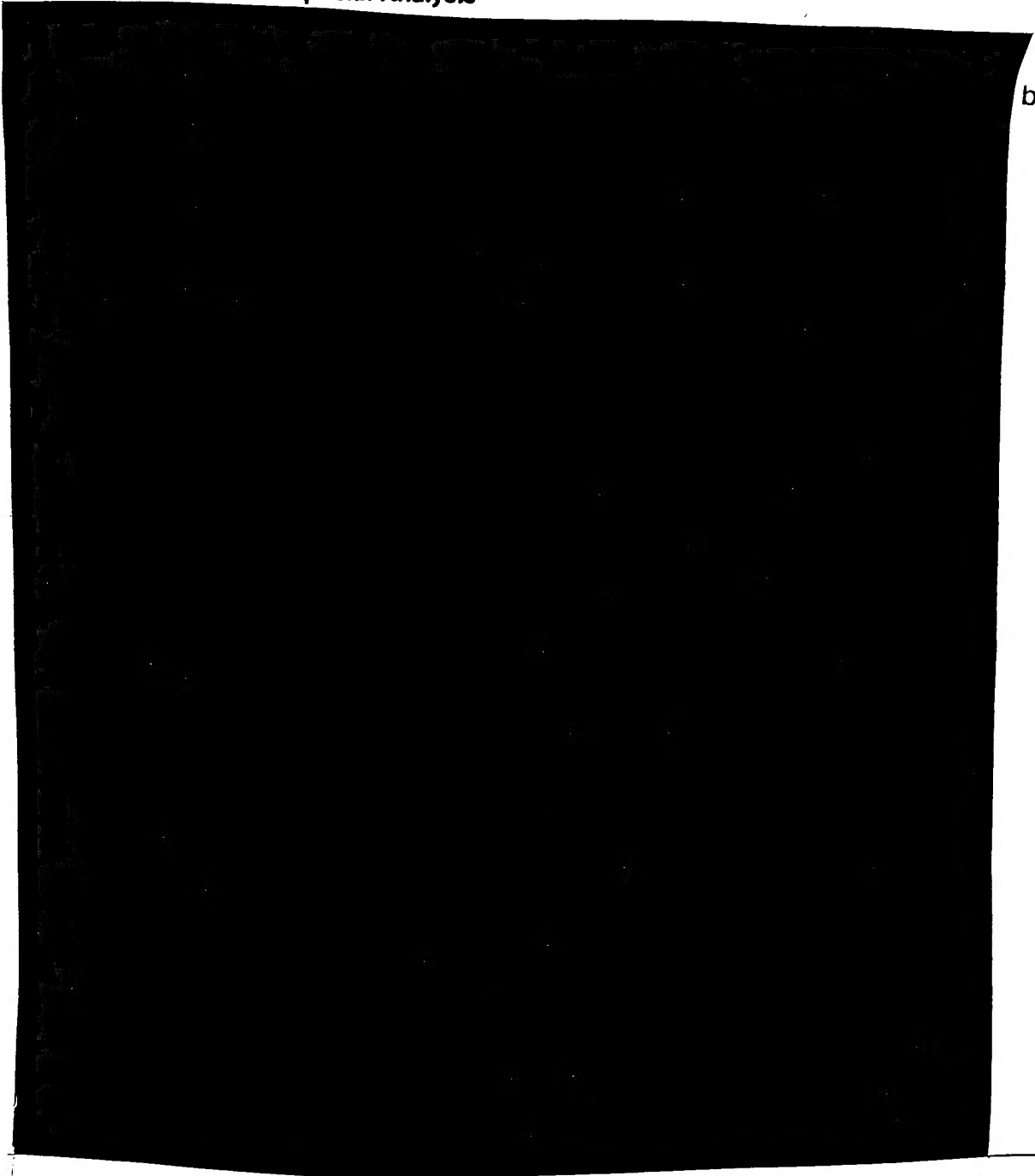
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